FlexSystem Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8050)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2008

Characteristics of the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Exchange")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

This announcement, for which the directors of FlexSystem Holdings Limited collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to FlexSystem Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

CHAIRMAN'S STATEMENT

I am pleased to present the result of FlexSystem Holdings Limited for the year 2008.

Business Review

During the year under review, we have achieved a steady growth in terms of turnover and profit in the face of continuous inflation and rising operating cost. Our proprietary technologies and professional services have successfully distinguished us from solution developers in the market.

We invested in completing our software development platform over the years. We unlock the potential in this investment, as a growing variety of enterprise applications is developing to enrich our offerings. However, the fact that labour shortage in IT market recently has impact against recruitment of application developers and production of our application software.

Final Dividend

The board of directors recommends a final dividend payment of HK$0.005 per share (2007: HK$0.005 per share) for the year ended 31 March 2008 subject to approval by our shareholders at the Annual General Meeting. Upon approval by the shareholders, the final dividend will be paid on or about 31 July 2008 to shareholders whose names appear on the register of members of the Company on 29 July 2008.

Outlook

In 2008, we will face the challenges of maintaining or increasing our profitability while the competition and operating cost are expected to continuously increase.

Our new research and development will be combining the latest Rich Internet Application (RIA) technology, opening up a vista of opportunity to explore the market of Enterprise Internet Application. A new website will be launched in 2nd Quarter to demonstrate our innovative technologies for the new era of enterprise application in the Internet.

We continue to place great emphasis on recruiting and training application developers to ensure a pool of talent professionals to meet the capability requirements of business development in the coming years.

Lok Wai Man
Chairman

Hong Kong, 24 June 2008

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2008

The board of Directors (the "Board") of FlexSystem Holdings Limited ("FlexSystem" or the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2008, together with the comparative figures for the corresponding period in 2007, as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

	Note	**2008**	2007
		HK$'000	*HK$'000*
Revenue	*3*	**100,702**	79,982
Cost of sales		**(26,028)**	(21,820)
Gross profit		**74,674**	58,162
Other income	*4*	**754**	908
Other gains	*5*	**–**	193
Distribution costs		**(18,964)**	(17,683)
Administrative expenses		**(36,094)**	(34,986)
Other operating expenses		**(1,344)**	(2,759)
Profit before income tax		**19,026**	3,835
Income tax	*7*	**1,225**	1,679
Profit for the year		**20,251**	5,514
Attributable to:			
Equity holders of the Company		**20,038**	5,722
Minority interests		**213**	(208)
		20,251	5,514
Earnings per share for profit attributable to the equity holders of the Company during the year – basic and diluted	*8*	**3.34 HK cents**	0.95 HK cents
Dividends	*9*	**3,000**	3,000

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2008

	Note	2008	2007
		HK$'000	*HK$'000*
Non-current assets			
Leasehold land and land use rights		**12,425**	12,742
Property, plant and equipment		**13,157**	14,641
Investments in associates		**390**	–
Investment in a jointly-controlled entity		**–**	–
Available-for-sale financial assets		**676**	690
Amounts due from investee companies		**–**	–
		26,648	28,073
Current assets			
Inventories		**1,083**	1,121
Trade and other receivables	*10*	**18,401**	15,749
Bank balances and cash		**36,527**	21,098
		56,011	37,968
Total assets		**82,659**	66,041
Current liabilities			
Trade and other payables	*11*	**21,763**	21,480
Current income tax liabilities		**825**	2,359
		22,588	23,839
Net current assets		**33,423**	14,129
Total assets less current liabilities		**60,071**	42,202
Non-current liabilities			
Deferred income tax liabilities		**636**	–
Net assets		**59,435**	42,202
Capital and reserves			
Share capital		**60,000**	60,000
Reserves		**(1,412)**	(18,432)
Capital and reserves attributable to equity holders of the Company		**58,588**	41,568
Minority interests		**847**	634
Total equity		**59,435**	42,202

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2008

	Attributable to the equity holders of the Company								
	Share capital	Share premium	Merger reserve	Translation reserve	Available-for-sale investments reserve	Accumulated losses	Total reserves	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 April 2006	60,000	83,955	(47,430)	(44)	(193)	(60,340)	(24,052)	842	36,790
Changes in fair value of available–for-sale financial assets	–	–	–	–	89	–	89	–	89
Currency translation differences	–	–	–	2	–	–	2	–	2
Total income and expense recognised directly in equity	–	–	–	2	89	–	91	–	91
Net gain transferred to profit or loss on disposal of available–for– sale financial assets	–	–	–	–	(193)	–	(193)	–	(193)
Profit/(loss) for the year	–	–	–	–	–	5,722	5,722	(208)	5,514
Total recognised income and expense for the year	–	–	–	2	(104)	5,722	5,620	(208)	5,412
Balance at 31 March 2007 and 1 April 2007	60,000	83,955	(47,430)	(42)	(297)	(54,618)	(18,432)	634	42,202
Changes in fair value of available–for-sale financial assets	**–**	**–**	**–**	**–**	**(14)**	**–**	**(14)**	**–**	**(14)**
Currency translation differences	**–**	**–**	**–**	**(4)**	**–**	**–**	**(4)**	**–**	**(4)**
Total income and expense recognised directly in equity	**–**	**–**	**–**	**(4)**	**(14)**	**–**	**(18)**	**–**	**(18)**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**20,038**	**20,038**	**213**	**20,251**
Total recognised income and expense for the year	**–**	**–**	**–**	**(4)**	**(14)**	**20,038**	**20,020**	**213**	**20,233**
Dividends	**–**	**(3,000)**	**–**	**–**	**–**	**–**	**(3,000)**	**–**	**(3,000)**
Balance at 31 March 2008	**60,000**	**80,955**	**(47,430)**	**(46)**	**(311)**	**(34,580)**	**(1,412)**	**847**	**59,435**

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATION INFORMATION

FlexSystem Holdings Limited (the "Company") was incorporated in the Cayman Islands on 8 May 2000 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's registered office is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's principal place of business is situated at Block A, 4th Floor, Eastern Sea Industrial Building, 29-39 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong.

The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company and its subsidiaries (together the "Group") are principally engaged in the development and sale of enterprise software and hardware products and the provision of maintenance services.

In opinion of the directors, the parent and ultimate holding company of the Company is SomaFlex Holdings Inc., which is incorporated in the British Virgin Islands.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. These consolidated financial statements were approved and authorised for issue by the board of directors on 24 June 2008.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss.

(a) Standards, amendment and interpretations effective in 2007

HKFRS 7, "Financial Instruments: Disclosures", and the complementary amendment to HKAS 1, "Presentation of Financial Statements – Capital Disclosures", introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and trade and other payables.

HK(IFRIC) – Int 8, "Scope of HKFRS 2", requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. This interpretation does not have any impact on the Group's consolidated financial statements.

HK(IFRIC) – Int 10, "Interim Financial Reporting and Impairment", prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation does not have any impact on the Group's consolidated financial statements.

HK(IFRIC) – Int 11, "HKFRS 2 – Group and Treasury Share Transactions". HK (IFRIC) – Int 11 provides guidance on classifying share-based payment transactions involving an entity's own equity instruments or the equity instruments of the parent. This interpretation does not have a significant impact on the Group's consolidated financial statements.

(b) Standards, amendments and interpretations effective in 2007 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 April 2007 but they are not relevant to the Group's operations:

- HK(IFRIC) – Int 7, "Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies"; and

- HK(IFRIC) – Int 9, "Reassessment of Embedded Derivatives".

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2008 or later periods, but the Group has not early adopted them:

- HKAS 1 (Revised), "Presentation of Financial Statements" (effective from 1 January 2009). HKAS 1 (Revised) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs. The Group will apply HKAS 1 (Revised) from 1 April 2009.

- HKAS 23 (Revised), "Borrowing Costs" (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Revised) from 1 April 2009 but is currently not applicable to the Group as there are no qualifying assets.

- HKAS 27 (Revised) "Consolidated and Separate Financial Statements" (effective from 1 July 2009). The amendment requires non-controlling interests (i.e. minority interests) to be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When control of a subsidiary is lost, the assets and liabilities and related equity components of the former subsidiary are derecognised. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost. The Group will apply HKAS 27 (Revised) from 1 April 2010, but it is not expected to have any impact on the Group's consolidated financial statements.

- HKFRS 2 (Amendment) "Share-based Payment Vesting Conditions and Cancellations" (effective from 1 January 2009). The amendment clarifies the definition of "vesting conditions" and specifies the accounting treatment of "cancellations" by the counterparty to a share-based payment arrangement. Vesting conditions are service conditions (which require a counterparty to complete a specified period of service) and performance conditions (which require a specified period of service and specified performance targets to be met) only. All "non-vesting conditions" and vesting conditions that are market conditions shall be taken into account when estimating the fair value of the equity instruments granted. All cancellations are accounted for as an acceleration of vesting and the amount that would otherwise have been recognised over the remainder of the vesting period is recognised immediately. The Group will apply HKFRS 2 (Amendment) from 1 April 2009, but it is not expected to have any impact on the Group's accounts.

- HKFRS 3 (Revised) "Business Combination" (effective from 1 July 2009). The amendment may bring more transactions into acquisition accounting as combinations by contract alone and combinations of mutual entities are brought into the scope of the standard and the definition of a business has been amended slightly. The Group will apply HKFRS 3 (Revised) from 1 April 2010.

- HKFRS 8, "Operating Segments" (effective from 1 January 2009). HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1 April 2009. The expected impact is still being assessed in detail by management.

- HK (IFRIC) – Int 14, "HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective from 1 January 2008). HK(IFRIC) – Int 14 provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group will apply HK(IFRIC) – Int 14 from 1 April 2008, but it is not expected to have any impact on the Group's consolidated financial statements.

(d) **Interpretations to existing standards that are not yet effective and not relevant for the Group's operations**

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2008 or later periods but are not relevant for the Group's operations:

- HK(IFRIC) – Int 12, "Service Concession Arrangements" (effective from 1 January 2008). HK(IFRIC) – Int 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. HK(IFRIC) – Int 12 is not relevant to the Group's operations because none of the Group's companies provide for public sector services.

- HK(IFRIC) – Int 13, "Customer Loyalty Programmes" (effective from 1 July 2008). HK(IFRIC) – Int 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. HK(IFRIC) – Int 13 is not relevant to the Group's operations because none of the Group's companies operate any loyalty programmes.

3. REVENUE AND SEGMENT INFORMATION

	2008	2007
	HK$'000	*HK$'000*
Revenue		
Software	**59,780**	48,219
Services	**30,794**	26,004
Other operations	**10,128**	5,759
	100,702	79,982

(a) **Primary reporting format – business segments**

As at 31 March 2008, the Group is organised into two main business segments:

- Software – sale of enterprise software; and

- Services – provision of maintenance services.

Other operations of the Group mainly comprise sale of hardware products.

The segment results for the year ended 31 March 2008 are as follows:

	Software *HK$'000*	**Services** *HK$'000*	**Other operations** *HK$'000*	**Unallocated** *HK$'000*	**Group** *HK$'000*
Revenue	**59,780**	**30,794**	**10,128**	**–**	**100,702**
Segment results	**11,631**	**12,443**	**(1,362)**	**(3,686)**	**19,026**
Income tax *(Note 7)*					**1,225**
Profit for the year					**20,251**

Other segment items included in the income statement are as follows:

Depreciation	**–**	**–**	**–**	**1,977**	**1,977**
Amortisation of prepaid operating lease payments	**–**	**–**	**–**	**317**	**317**

The segment results for the year ended 31 March 2007 are as follows:

	Software *HK$'000*	Services *HK$'000*	Other operations *HK$'000*	Unallocated *HK$'000*	Group *HK$'000*
Revenue	48,219	26,004	5,759	–	79,982
Segment results	2,225	7,060	(1,164)	(4,286)	3,835
Income tax *(Note 7)*					1,679
Profit for the year					5,514

Other segment items included in the income statement are as follows:

Depreciation	–	–	–	2,021	2,021
Amortisation of prepaid operating lease payments	–	–	–	158	158

Segment assets consist primarily of inventories. Unallocated assets comprise leasehold land and land use rights, property, plant and equipment, investments in associates and a jointly-controlled entity, available-for-sale financial assets, trade and other receivables and bank balances and cash.

Segment liabilities comprise sales deposits received and deferred income. Unallocated liabilities comprise items such as income tax payable.

Capital expenditure comprises additions to leasehold land and land use rights and property, plant and equipment.

The segment assets and liabilities as at 31 March 2008 and capital expenditure for the year then ended are as follows:

	Software	**Services**	**Other operations**	**Unallocated**	**Group**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Assets	**–**	**–**	**1,084**	**81,575**	**82,659**
Liabilities	**6,065**	**8,551**	**–**	**7,972**	**22,588**
Capital expenditure	**–**	**–**	**–**	**413**	**413**

The segment assets and liabilities as at 31 March 2007 and capital expenditure for the year then ended are as follows:

	Software	Services	Other operations	Unallocated	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets	–	–	1,121	64,920	66,041
Liabilities	7,320	7,687	–	8,832	23,839
Capital expenditure	–	–	–	26,492	26,492

(b) Secondary reporting format – geographical segments

The Group mainly operates in Hong Kong, the People's Republic of China (the "PRC") and other Asia Pacific countries.

	2008	2007
	HK$'000	*HK$'000*
Revenue		
Hong Kong	**81,607**	64,125
PRC	**11,101**	10,576
Other countries	**7,994**	5,281
	100,702	79,982

Revenue is allocated based on the country in which the customer is located.

	2008 *HK$'000*	2007 *HK$'000*
Total assets		
Hong Kong	**50,569**	43,207
PRC	**4,952**	5,768
Other countries	**27,138**	17,066
	82,659	66,041

Total assets are allocated based on the location of the assets.

	2008 *HK$'000*	2007 *HK$'000*
Capital expenditure		
Hong Kong	**175**	26,245
PRC	**170**	160
Other countries	**68**	87
	413	26,492

Capital expenditure is allocated based on the location of the assets.

4. OTHER INCOME

	2008 *HK$'000*	2007 *HK$'000*
Commission income	**61**	16
Dividend income on available-for-sale financial assets	**16**	60
Interest income on short-term bank deposits	**661**	832
Others	**16**	–
	754	908

5. OTHER GAINS

	2008 *HK$'000*	2007 *HK$'000*
Net gain transferred from equity on disposal of available-for-sale financial assets	**–**	193

6. EXPENSES BY NATURE

	2008	2007
	HK$'000	*HK$'000*
Depreciation of owned property, plant and equipment	**1,977**	2,021
Amortisation of prepaid operating lease payments	**317**	158
Loss on disposal of property, plant and equipment	**6**	326
Cost of inventories expensed	**8,234**	4,570
Operating lease rentals in respect of rented premises	**1,228**	1,850
Auditors' remuneration	**310**	290
Bad debts written off	**828**	78
Receivables written off	**418**	–
Provision for impairment of trade receivables	**–**	2,289
Provision for impairment of amounts due from associates	**1,088**	113
Provision for impairment of amounts due from investee companies	**9**	50

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit arising in Hong Kong for the year ended 31 March 2008. No provision for Hong Kong profits tax has been made in the financial statements for the year ended 31 March 2007 as the companies operating in Hong Kong had taxation losses to set off their assessable profits. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2008	2007
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**713**	–
– Hong Kong profits tax refunded	**(439)**	–
– Overseas taxation	**214**	161
– Over-provision in prior years	**(2,349)**	(1,840)
Deferred income tax	**636**	–
Tax credit	**(1,225)**	(1,679)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate of 17.5% (2007: 17.5%) as follows:

	2008	2007
	HK$'000	*HK$'000*
Profit before income tax	**19,026**	3,835
Tax calculated at Hong Kong profits tax rate of 17.5% (2007: 17.5%)	**3,330**	671
Income not subject to tax	**(200)**	(563)
Expenses not deductible for tax purpose	**539**	364
Tax losses for which no deferred income tax asset was recognised	**194**	400
Utilisation of previously unrecognised tax losses	**(2,857)**	(684)
Over-provision in prior years	**(2,349)**	(1,840)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(79)**	(27)
Others	**197**	–
Tax credit	**(1,225)**	(1,679)

8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company of approximately HK$20,038,000 (2007: HK$5,722,000) by the weighted average number of 600,000,000 (2007: 600,000,000) ordinary shares in issue during the year.

There is no diluted earnings per share since the Company has no dilutive potential ordinary shares in existence for the years ended 31 March 2007 and 2008.

9. DIVIDENDS

	2008	2007
	HK$'000	*HK$'000*
Proposed final dividend of HK$0.005 (2007: HK$0.005) per share	**3,000**	3,000

At a meeting held on 25 June 2007, the board of directors recommended a final dividend in respect of the year ended 31 March 2007 of HK$0.005 per share, which was subsequently approved by the Company's shareholders at the annual general meeting held on 27 July 2007 and paid during the year ended 31 March 2008.

A final dividend in respect of the year ended 31 March 2008 of HK$0.005 per share, amounting to a total dividend of HK$3,000,000, is to be proposed at the forthcoming annual general meeting. The financial statements do not reflect this dividend payable.

10. TRADE AND OTHER RECEIVABLES

	Group 2008 HK$'000	2007 HK$'000
Trade receivables *(Note)*	**15,134**	12,272
Prepayments, deposits and other receivables	**2,286**	2,441
Advances to staff	**981**	1,036
	18,401	15,749

Note:

The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluations of customers are performed periodically. As at 31 March 2008, the ageing analysis of trade receivables (net of provision for impaired receivables) is as follows:

	Group 2008 HK$'000	2007 HK$'000
0 – 30 days	**5,103**	3,767
31 – 60 days	**2,229**	2,492
61 – 90 days	**1,259**	1,573
91 – 180 days	**2,253**	1,485
181 – 365 days	**3,414**	1,705
Over 365 days	**876**	1,250
	15,134	12,272

11. TRADE AND OTHER PAYABLES

	Group	
	2008	2007
	HK$'000	*HK$'000*
Trade payables *(Note (a))*	**1,503**	1,029
Other payables and accruals	**5,589**	5,235
Amounts due to investee companies *(Note (b))*	**55**	209
Deferred income	**8,551**	7,687
Sales deposits received	**6,065**	7,320
	21,763	21,480

Notes:

(a) The ageing analysis of trade payables is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	**812**	778
31 – 60 days	**639**	236
61 – 90 days	**–**	–
91 – 180 days	**–**	–
181 – 365 days	**39**	2
Over 365 days	**13**	13
	1,503	1,029

(b) The amounts due to investee companies are unsecured, interest-free and have no fixed terms of repayment.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

During the year 31 March 2008, turnover of approximately 101 million and profit attributable to shareholders of approximately HK$20 million were recorded. The increase in turnover by 26% as compared with the previous year was principally due to the contribution from the increment of customer bases.

Financial resources and liquidity

As at 31 March 2008, the shareholders' funds of the Group amounted to approximately HK$59 million. Current assets were approximately HK$56 million, mainly comprising bank balances and cash of approximately HK$37 million, inventories of approximately HK$1 million and trade and other receivables of approximately HK$18 million. Current liabilities were approximately HK$23 million, mainly comprising trade and other payables of approximately HK$22 million and taxation payable of approximately HK$1 million. The net asset value per share was HK$0.1. The Group expresses its gearing ratio as a percentage of bank borrowings and long-term debts over total equity. As at 31 March 2008, the Group did not have any borrowings and long-term debts. The liquidity ratio of the Group, represented by a ratio of current assets over current liabilities, was 2.5:1 (As at 31 March 2007: 1.6:1), reflecting the adequacy of financial resources.

Exposure to exchange rate fluctuation

During the year ended 31 March 2008, the Group experienced only immaterial exchange rate fluctuations as most of the Group's monetary assets and liabilities were denominated in Hong Kong Dollars and the Group conducted its business transactions principally in this currency. As the exchange rate risks of the Group is considered to be minimal, the Group did not employ any financial instruments for hedging purposes.

Significant investments and acquisitions and disposal

On 24 October 2007, the Group and CDC Software Corporation enter into the legally binding term sheet with respect to the formation of CDCFlex Limited. The Group held 50% interest in CDCFlex Limited. The Group was committed to contribute to the capital of CDCFlex Limited in the amount of approximately US$2,250,000 (equivalent to approximately HK$17,550,000).

The Group's jointly-controlled entity has not yet commenced business since its date of incorporation and up to 31 March 2008 and had no significant assets or liabilities as 31 March 2008.

In January 2008, the Group acquired 20% associate in FlexOmnitech Ltd which is engaged in distribution of computer programming and provision of computer maintenance in Hong Kong.

Save as disclosed above, there is no other material acquisitions or disposal of subsidiaries and affiliated companies for the year ended 31 March 2008.

Commitments

As at 31 March 2008, the Group had operating lease commitments in respect of rented office premises of approximately HK$2,741,000 (2007: HK$1,569,000). As at 31 March 2008 and 2007, the Group had no significant capital commitment and has no future plans for material investment.

Contingent liabilities

As at 31 March 2008 and 2007, the Group had no material contingent liabilities.

Charges on the group's assets

As at 31 March 2008, the Group had no charges on the Group's assets.

Employees and remuneration policies

As at 31 March 2008, the Group had 250 employees (2007: 257). The total remuneration to employees, including that to the directors, for the year ended 31 March 2008 amounted to approximately HK$40 million (2007: HK$37.5 million). Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include share option scheme, contributions to statutory mandatory provident fund scheme and medical scheme to its employees in Hong Kong and the statutory central pension schemes to its employees in the PRC and Singapore.

Segmental information

Business segments

During the year under review, the turnover of maintenance services has increased by approximately 18% as the number of customers have increased as compared with that for the previous year. Moreover, the turnover of software sales has also increased by approximately 24% as the market sentiment of the software industry has recovered.

Geographical segments

The major contribution of turnover is still from Hong Kong. Turnover from the Hong Kong segment represented approximately 81% of the total turnover (2007: 80%). The high percentage of the Hong Kong segment is mainly due to the fact that the Group deploys more resources on the local market.

In the PRC, the turnover has slightly increased by approximately 5% to approximately HK$11 million as compared with the previous year as our Group also deploys more sales efforts on the PRC market.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2008, the interests and short positions of the directors and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

	Number of shares			Percentage
	Personal	**Corporate**		**of issued**
Name of director/chief executive	**interests**	**interests**	**Total**	**share capital**
Mr. Lok Wai Man *(Note 1)*	3,798,000	475,500,000 *(Note 2)*	479,298,000	79.88%
Mr. So Yiu King *(Note 1)*	2,000	3,600,000 *(Note 2)*	3,602,000	0.60%
Mr. Chow Chi Ming, Daniel *(Note 1)*	2,000	3,600,000 *(Note 2)*	3,602,000	0.60%
Mr. Leung Wai Cheung *(Note 1)*	Nil	1,000,000 *(Note 2)*	1,000,000	0.17%

Notes:

1. Mr. Lok Wai Man, being a substantial shareholder of the Company entitled to exercise or control the exercise of 5% or more of the voting power at any general meeting of the Company, is regarded as an initial management shareholder (as defined in the GEM Listing Rules) of the Company. Mr. So Yiu King and Mr. Chow Chi Ming, Daniel are executive directors of the Company and Mr. Leung Wai Cheung is the executive of the Company and are also considered to be initial management shareholders of the Company.

2. The 475,500,000 shares were held by SomaFlex Holdings Inc., a private company beneficially owned by Mr. Lok Wai Man, Mr. So Yiu King, Mr. Chow Chi Ming, Daniel and Mr. Leung Wai Cheung. As Mr. Lok Wai Man is entitled to exercise or control the exercise of one third or more of the voting rights of SomaFlex Holdings Inc., he is deemed, by virtue of the SFO, to be interested in the same 475,500,000 shares held by SomaFlex Holdings Inc.. The indirect interest of the other remaining directors are the corresponding number of shares held by SomaFlex Holdings Inc. by reference to their respective shareholdings in SomaFlex Holdings Inc..

No share options were granted by the Company and no debt securities were issued by the Company at any time during the year ended 31 March 2008.

Save as disclosed above, as at 31 March 2008, none of the directors or their respective associates and the chief executive of the Company had any interests or short positions in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2008, the following persons (other than a director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

	Number of shares			
	Personal interests	**Corporate interests**	**Total**	**% of issued share capital**
SomaFlex Holdings Inc. *(Note 1)*	Nil	475,500,000	475,500,000	79.25%
Mr. Lok Wai Man *(Note 2)*	3,798,000	475,500,000	479,298,000	79.88%

Notes:

1. SomaFlex Holdings Inc. is beneficially owned as to 98.27% by Mr. Lok Wai Man, as to 0.76% by Mr. So Yiu King, as to 0.76% by Mr. Chow Chi Ming, Daniel and as to 0.21% by Mr. Leung Wai Cheung.

2. As Mr. Lok Wai Man is entitled to exercise or control the exercise of one third or more of the voting rights of SomaFlex Holdings Inc., he is deemed, by virtue of the SFO, to be interested in the same 475,500,000 shares held by SomaFlex Holdings Inc..

Save as disclosed above, as at 31 March 2008, there was no person (other than a director or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2008, the largest and the five largest suppliers of the Group accounted for approximately 49% and 65% of the Group's total purchases respectively. Sales to the Group's five largest customers accounted for less than 30% of the total sales for the year.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers.

BOARD PRACTICES AND PROCEDURES

During the year, the Company was in compliance with all the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules.

COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less than exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 March 2008. Having made specific enquiry of all directors, the Company's directors have complied with such code of conduct and the required standard of dealings throughout the year ended 31 March 2008.

AUDIT COMMITTEE

The audit committee has been established since May 2000. The written terms of reference which describe the authority and duties of the audit committee were prepared and adopted with reference to "A Guide for The Formation of an Audit Committee" published by the Hong Kong Institute of Certified Public Accountants.

The principal duties of the audit committee include the review and supervision of the Company's financial reporting process and internal controls. The audit committee comprises three independent non-executive directors, namely Mr. Tse Lin Chung, Mr. Lee Kar Wai and Mr. Mak Wing Kwong, David. The audited financial statements for the year ended 31 March 2008 have been reviewed by the audit committee.

The audit committee has met four times to discuss and review the Company's annual report and accounts, interim and quarterly reports during the year ended 31 March 2008, and provide advice and comments to the board of directors.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 March 2008, none of the directors or the initial management shareholders or substantial shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed shares during the year ended 31 March 2008.

By Order of the Board
Lok Wai Man
Chairman

Hong Kong, 24 June 2008

As at date hereof, the executive directors of the Company are Mr. Lok Wai Man, Mr. So Yiu King and Mr. Chow Chi Ming, Daniel; and the independent non-executive directors of the Company are Mr. Tse Lin Chung, Mr. Lee Kar Wai and Mr. Mak Wing Kwong, David.

This announcement will remain on the GEM website on the "Latest Company Announcements" page for 7 days from the day of its posting and on the Company's website.